Regular Session, 2006

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## **ACT No. 425**

HOUSE BILL NO. 1249

## BY REPRESENTATIVES ODINET AND BALDONE AND SENATOR DUPRE

AN ACT

2	To amend and reenact R.S. 56:423(A) and (B)(1), 424(H), 425(A) and (C), 427.1, 428(A)
3	and (B), 429, and 432.1, to enact R.S. 56:424(I), 425(E), and 432.2, and to repeal
4	R.S. 56:428.1, 428.2, 428.3, and 430.1, relative to oyster leases; to authorize the
5	acquisition by the state of oyster leases directly impacted by coastal protection,
6	conservation, or restoration projects; to establish a hierarchy of rights; to establish
7	limitations on actions against the state, its political subdivision, or the United States;
8	to provide for lease terms; to establish a lease acquisition and compensation program
9	in the Department of Natural Resources; to provide for annual reports; and to provide
10	for related matters.
11	Be it enacted by the Legislature of Louisiana:
12	Section 1. R.S. 56:423(A) and (B)(1), 424(H), 425(A) and (C), 427.1, 428(A) and
13	(B), 429, and 432.1 are hereby amended and reenacted and R.S. 56:424(I), 425(E), and
14	432.2 are hereby enacted to read as follows:
15	§423. Property rights, larceny or other public offense concerning; leases heritable
16	and transferable; adjudication of claims
17	A. A lessee shall enjoy the exclusive use of the water bottoms leased and of
18	all oysters and cultch grown or placed thereon, subject to the restrictions and
19	regulations of this Subpart and Part II of Chapter 2 of Title 49 of the Louisiana
20	Revised Statutes of 1950. This exclusive use of water bottoms is subordinate to the
21	rights or responsibilities of the state, any political subdivision of the state, the United
22	States, or any agency or agent thereof, to take any action in furtherance of coastal
23	protection, conservation, or restoration. For purposes of this Subpart, "coastal

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

protection, conservation, or restoration" means any project, plan, act, or activity for the protection, conservation, restoration, enhancement, creation, preservation, nourishment, maintenance, or management of the coast, coastal resources, coastal wetlands, and barrier shorelines or islands, including but not limited to projects authorized under any comprehensive coastal protection master plan or annual coastal protection plan issued pursuant to Part II of Chapter 2 of Title 49 of the Louisiana Revised Statutes of 1950.

B.(1) A lessee of oyster beds or grounds who has obtained, recorded, and marked his lease in compliance with the law shall have the right to maintain an action for damages against any person, partnership, corporation, or other entity causing wrongful or negligent injury or damage to the beds or grounds under lease to such lessee. However, no lessee shall have any right to maintain any action against the state, any political subdivision of the state, the United States, or any agency, agent, contractor, or employee thereof for any claim arising from any project, plan, act, or activity in relation to coastal protection, conservation, or restoration, except as provided in R.S. 56:427.1.

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§424. Taking of oysters

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H. Notwithstanding the provisions of this Section, employees or assigns of the Department of Natural Resources may <u>survey or</u> remove, as a sample, oysters from an oyster lease on state water bottoms in order to make determinations in matters of coastal <u>protection</u>, <u>conservation</u>, <u>or</u> restoration. In order to <u>make such surveys or</u> take such samples, the employees or assigns of the Department of Natural Resources shall first <u>request permission of notify</u> the <u>lease holder leaseholder</u> in writing <u>of the date and time of the survey or sample at least fifteen days prior to the survey or sampling date. The request <u>This notification</u> shall be sent by certified mail to the leaseholder at the address on file with the Department of Wildlife and <u>Fisheries</u>. If the lease holder has not granted permission within thirty days after the written request for permission was submitted, the department shall select randomly</u>

from the list of biologists maintained by the Oyster Lease Damage Evaluation Board under the provisions of R.S. 56:700.13(C) a biologist to survey the lease and shall notify the lease holder the date and time that the lease will be surveyed. The leaseholder may accompany the biologist person conducting the survey or taking the sample during the survey or sampling or may authorize another person to accompany the biologist person conducting the survey or taking the sample during the survey. Such surveys shall be conducted in the same manner as provided in rules adopted procedures promulgated by the Department of Natural Resources: under the provisions of R.S. 56:700.14(D): after consideration of recommendations by the Louisiana Oyster Task Force.

I. The state of Louisiana, political subdivisions of the state, the United States, and any agency, agent, contractor, or employee of any of these entities, shall not be subject to any obligation, responsibility, or liability in relation to or resulting from any surveying or sampling of any oyster lease, information provided to any lessee in relation to any surveying or sampling of any oyster lease, the timing of any acquisition of any part of any lease by the state pursuant to R.S. 56:432.1, the lack of acquisition of any part of any lease except as provided in R.S. 56:432.1, or any report pursuant to R.S. 56:432.2 or otherwise.

§425. Lease of water bottoms; stipulations; boundary disputes

A. The secretary may lease to any resident, any firm composed of residents, or any corporation domiciled in or organized under the laws of this state any state owned state-owned water bottoms and natural reefs in the water bottoms of this state under the limitations herein stipulated or authorized in this Subpart. No lease shall be granted until a reasonable investigation into the question of ownership is complete and, based on the findings, a determination is made that the state owns the water bottoms to be leased. Any lease for the taking of oysters granted by the secretary prior to the effective date of this Section which affects privately-owned privately owned water bottoms shall be subordinate to the rights of the private landowner or recorded land title owner effective on that date.

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C. The secretary may make such stipulations in the leases made by him as he deems necessary and proper to develop the industry; however, these stipulations must be consistent with the provisions of this Subpart. The secretary may also make such stipulations as he deems necessary and proper in relation to coastal protection, conservation, or restoration.

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E. No lease shall be granted for any water bottom for which any lease was previously acquired by the state for coastal protection, conservation, or restoration, unless the secretary determines that leasing would otherwise be appropriate under the provisions of this Subpart and the secretary of the Department of Natural Resources affirms that the water bottom is not necessary for coastal protection, conservation, or restoration. Unless this determination has been made prior to issuance of the lease, a lease of water bottom for which a lease was previously acquired shall be null and void for such water bottom and shall be of no force or effect. No person shall have any claim against either secretary, either department, the state of Louisiana, its political subdivisions, the United States, or any agency, agent, contractor, or employee thereof or any other person in relation to the nullity of such lease.

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§427.1. State, and political subdivisions of the state, and the United States held harmless in coastal restoration

A. Notwithstanding any other law to the contrary Except as provided in Subsection C of this Section, the state of Louisiana, its political subdivisions of the state, the United States, and its agents or employees any agency, agent, contractor, or employee thereof shall be held free and harmless from any claims for loss or damages to rights arising under any oyster lease, renewal, or extension granted to any individual or other entity for any purpose from diversions of fresh water or sediment, depositing dredging or direct placement of dredged or other materials, or any other actions taken for the purpose of management, preservation, enhancement, creation, or restoration of coastal wetlands and from impacts associated with projects

authorized and defined under the state's Coastal Wetlands Conservation and Restoration Plan. coastal protection, conservation, or restoration.

B. All departments, agencies, boards, or commissions of the state of Louisiana, and its political subdivisions shall include language which shall hold the state and its political subdivisions harmless for the purposes set out in this Section in all oyster leases, renewals, or extensions granted to any individual or other entity after July 1, 1995. All oyster leases, renewals, or extensions granted to any individual or other entity shall include language which shall hold harmless from all claims provided for in Subsection A of this Section the state, political subdivisions of the state, the United States, and any agency, agent, contractor, or employee thereof.

C.(1) A leaseholder whose oyster lease is acquired in whole or in part by the Department of Natural Resources pursuant to R.S. 56:432.1 for dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration may seek compensation from the Department of Natural Resources pursuant to that Section.

(2) A leaseholder may seek acquisition and compensation from the Department of Natural Resources pursuant to R.S. 56:432.1 for any portion of an oyster lease that is not acquired by the Department of Natural Resources and upon which dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration has occurred.

§428. Commencement and duration of lease; renewal; fixing of rental rates

A. Except for those leases issued under the provisions of R.S. 56:428.1, all All leases made under the provisions of this Subpart shall begin on the day the lease is signed and continue for a period of fifteen years. The owners of expiring leases have first right of renewal of their leases. However, this right to renewal shall be subject to the provisions of this Subpart. Leases carry the first right of renewal for successive periods of fifteen years each, provided the lease is capable of supporting

oyster populations. Renewals shall be executed by the secretary and shall be made subject to both the provisions of this Subpart and to the rules and regulations established by the department.

B. The secretary has sixty days from the date of expiration of a lease to execute a renewal lease. If a renewal lease is not executed within this sixty-day period, the lease is automatically renewed. In either situation, the fifteen-year period of the renewal lease shall begin on the first day following the expiration date of the prior lease and the renewal lease shall be assigned the same number used for the prior lease with the addition of a designation to indicate which year the lease was renewed. A resurvey and plan of the water bottom included in a renewal lease shall be made by the department at the expense of the leaseholder and at the fee set by the commission. This resurvey and plan may be made subsequent to the beginning date of a renewal lease. The expense of the resurvey and plan shall be paid by the leaseholder in compensation for the services of making the resurvey at the time the resurvey is made. The leaseholder shall be given ten days written notice of the scheduled resurvey by the department and shall may be present at the resurvey.

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## §429. Default in payment of rent; cancellation and forfeitures

The failure of the tenant to pay the rent punctually on or before the first of each January, or within thirty days thereafter, ipso facto and without demand or putting in default, terminates and cancels the lease and forfeits to the department all the works, improvements, betterments, and oysters on the leased water bottoms. The department may at once enter on the water bottoms and take possession thereof. Such water bottoms shall then be open for lease <u>in accordance with R.S. 56:425</u> to the highest bidder. Ten days thereafter the department shall enter the termination, cancellation, and forfeiture on its books and give public notice thereof by publication in one local paper in the parish where the leased water bottoms are located. The department may waive the termination, cancellation, and forfeiture, provided the rent

due with ten percent additional is paid at any time before the water bottoms are leased to another person.

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## §432.1. Oyster Lease Relocation Acquisition and Compensation Program

A. The legislature hereby acknowledges potential conflicts between the Department of Wildlife and Fisheries oyster leasing program and the Louisiana coastal restoration program provided for in R.S. 49:213.1 et seq. Therefore, the Department of Natural Resources shall develop a program, to reduce and offset the potential adverse impact of the coastal restoration efforts on oyster leases issued pursuant to this Subpart. subject to the requirements and conditions of this Section, for the acquisition of and compensation for oyster leases or portions of oyster leases upon which occurs or will occur dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration.

- B. The program shall, at a minimum, include identification of probable impact areas. Leaseholders whose leases may be adversely affected shall have the following options which shall be mutually exclusive for each lease affected: The state of Louisiana, through the Department of Natural Resources, may acquire any oyster lease, in whole or in part, due to the impact of dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration.
- (1) Exchange. Lease exchanges for acreage available for lease by the Department of Wildlife and Fisheries, and acceptable by the department and the leaseholder, shall be "in kind" and shall serve as a continuance of comparable operations for the leaseholder. This exchanged lease shall begin a new term. Procedures for "in kind" exchanges shall require assessment of the current lease value and productive status, as well as assessment of the comparable site outside of the probable impact area. Acquisition shall be implemented by a notice of acquisition issued to the leaseholder. Such notice shall specify the acreage acquired and the effective date of the acquisition. A plat or map depicting the acreage

acquired shall be attached to the notice. The notice and acquisition shall be subject to the following:

- (a) The Department of Natural Resources shall issue any such notice in writing to the leaseholder at his address on file with the Department of Wildlife and Fisheries on the date of issuance, by hand delivery or certified mail, return receipt requested. If the Department of Natural Resources attempts such issuance at least once and is unable to deliver the notice to the leaseholder, the Department of Natural Resources shall reissue the notice to the lessee at his address on file with the Department of Wildlife and Fisheries on the date of the re-issuance, by regular mail, and shall publish in the official journal for each parish in which the acquired acreage is located a summary of the notice including identification of the affected acreage, the effective date of the acquisition, and a contact person at the Department of Natural Resources for all inquiries regarding the acquisition. The notice of acquisition may be recorded in the public records of any parish in which the acquired acreage is located.
- (b) The acquisition shall be effective on the date specified in the notice of acquisition regardless of whether the lessee actually receives the notice of acquisition. Upon the effective date of the acquisition, possession of the affected acreage shall revert to the state, free and clear of any lease or other obligation or encumbrance.
- (c) Lease payments as otherwise required by R.S. 56:428 or 429 shall no longer be payable for the acquired acreage for the calendar year after the date on which the notice of acquisition was issued.
- (d) Upon acquisition of a portion of leased acreage, the lease shall continue in full force and effect as to the remaining acreage under the lease.
- (2) Relocation. Relocation shall require the replacement of the current lease site with another site or sites outside of the probable impact area. The state, in consultation with the Oyster Task Force, shall determine the relocation costs for each affected lease. All costs shall be reimbursed to the leaseholder for relocation of the affected lease. All costs must be reasonable and allowable as determined by the

Department of Natural Resources. The Department of Natural Resources shall determine the compensation for any acquisition pursuant to this Section in accordance with rules or regulations adopted by that department after consideration of recommendations by the Louisiana Oyster Task Force, subject to the following:

- (a) The Department of Natural Resources shall issue its determination of compensation to the leaseholder together with the notice of acquisition and by the same procedure provided for issuance of such notice.
- (b) The Department of Natural Resources shall consider any reasonably confirmable data or information provided by the leaseholder or any other person in making its determination of compensation, provided that the data or information is submitted in compliance with rules or regulations promulgated by that department prior to the date of initial issuance of the determination of compensation. Such rules or regulations shall provide the leaseholder at least sixty days in which to submit such data or information before the initial issuance of the determination of compensation.
- (3) Retention. The leaseholder may choose to retain the affected lease without compensation. The leaseholder shall retain the lease for the duration of the existing lease term, and the lease shall contain a clause stipulating that the lease is subservient to any coastal restoration project. The lease shall also include the provisions required by R.S. 56:427.1 and shall contain a clause stipulating that the leaseholder accepts the risks of operation by the leaseholder in the affected area. At a later time, the leaseholder may choose from one of the other options. At the end of the existing lease term, the leaseholder may apply for lease renewal under the provisions of R.S. 56:428.1 or 428.2, whichever is applicable. The Department of Natural Resources shall issue payment to the leaseholder in the full amount of its determination of compensation, except for and less any amount due on recorded liens and encumbrances to be paid out of said proceeds, together with the notice of acquisition, and by the same procedure provided for issuance of such notice. Acceptance of such payment shall not preclude any claim for additional compensation, as provided in this Section. If the Department of Natural Resources

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is unable to contact the leaseholder by the procedure provided in Subparagraph (B)(1)(a), that department shall transfer funds in the amount of the determined compensation except for and less any amount due on recorded liens and encumbrances to be paid out of said proceeds, to a trust account, instead of attaching such payment to the reissued notice. Upon request of the leaseholder listed with the Department of Wildlife and Fisheries on the date notice of acquisition is initially issued, any such compensation may be withdrawn from the trust account for the benefit of the leaseholder. Any funds placed in a trust account that remain unclaimed after a period of five years shall be declared to be abandoned and may be disposed of pursuant to the Uniform Unclaimed Property Act, R.S. 9:151 et seq. Any amount due on a recorded lien or encumbrance shall be paid directly to the holder thereof, with a copy of all documentation of such payment issued to the leaseholder. If the Department of Natural Resources is unable to contact the holder of the lien or encumbrance, that department shall transfer funds in the amount of the lien or encumbrance to a trust account, from which it may be withdrawn for the benefit of the lien or encumbrance holder.

(4) Purchase. After the state of Louisiana assesses the value of a lease within the affected area, and the purchase of the leasehold is more cost-effective to the state than relocation, the leaseholder may request that the state purchase the lease and any improvements on the lease. The state may purchase the lease and any improvements. Any area so purchased may not be re-leased for oyster cultivation purposes.

(4) To the extent that the Department of Natural Resources acquires any lease or portion thereof under this Section in relation to any project or action for coastal protection, conservation, or restoration performed by any department, agency, board, commission, or political subdivision of the state other than the Department of Natural Resources, such department, agency, board, commission, or political subdivision shall compensate the Department of Natural Resources for all costs incurred by the department which are associated with the acquisition. However, the secretary of the Department of Natural Resources may waive this requirement.

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C. Any person who holds an interest in an oyster lease issued pursuant to the provisions of this Subpart who believes that he may have sustained an adverse impact as a result of a coastal restoration project implemented under the provisions of R.S. 49:213.1 et seq. shall first pursue relief through the oyster lease relocation relief program to be established under the provisions of this Section. No claim shall be made and no suit filed against the state for relief unless the holder of such lease has exhausted all remedies available under the provisions of this Section. Further, any applicable prescriptive period or statute of limitations shall be suspended until all remedies available herein have been exhausted. A leaseholder whose lease is acquired in whole or in part may seek an administrative hearing through the Department of Natural Resources as to whether the acquisition due to the impact of dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration is proper or whether the compensation issued by the Department of Natural Resources satisfies the rules or regulations of that department. A leaseholder whose lease is not acquired but which was impacted by dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration has occurred, may also seek an administrative hearing through the Department of Natural Resources to determine if acquisition of such acreage would be proper. Adjudication under this Section shall be conducted in accordance with the following: (1) Adjudication under this Section must be requested in writing and

(1) Adjudication under this Section must be requested in writing and received by the Department of Natural Resources within sixty days after issuance of the notice of acquisition, determination of compensation, or payment as provided in Subsection B of this Section. However, adjudication of the amount of the compensation must be requested in writing and received by the Department of Natural Resources within two years after completion of the project for which the

lease or portion of the lease was acquired, if the leaseholder establishes that notice of the acquisition, determination of compensation, or payment was not issued as required in this Section. Adjudication of the lack of acquisition of leased acreage upon which dredging, direct placement of dredged or other materials, or other work or activities necessary for the construction or maintenance of a project for coastal protection, conservation, or restoration has occurred must be requested in writing and received by the Department of Natural Resources within two years after completion of the project.

- (2) Adjudication under this Section shall be conducted in accordance with Chapter 13-B of Title 49 of the Louisiana Revised Statutes of 1950, and pursuant to the rules and regulations promulgated by the Department of Natural Resources after consideration of recommendations by the Louisiana Oyster Task Force. The administrative law judge shall consider any reasonably confirmable data or information provided to that department by the leaseholder or any other person on or before the date of the administrative review.
- (3) The final decision of the administrative law judge shall be issued to the leaseholder by certified mail at his address on file with the Department of Wildlife and Fisheries on the date of issuance or at such other address as the leaseholder may specify in his request for administrative review.
- (4) A request for an adjudication shall have no effect upon the validity of the acquisition of the lease, but only the compensation payable to the lessee. However, the acquisition may be found invalid if an adjudication is sought timely and the project or action for which acquisition is sought does not further coastal protection, conservation, or restoration.
- D. The Department of Natural Resources, in consultation with the Oyster

  Task Force, shall promulgate rules and regulations under the provisions of the

  Administrative Procedure Act. Such rules and regulations shall include procedures

  for assessments and administrative processes for resolving disagreements,

exchanges, relocations, retentions, and purchases. All costs of exchange, relocation, or purchase as delineated in Subsection B of this Section shall be considered a part of the cost of the coastal restoration project and shall be funded from that source. A leaseholder may seek in accordance with the following, judicial review of the final decision of the administrative law judge based solely on the administrative record and, except as otherwise provided in this Section, in accordance with the provisions of Chapter 13-B of Title 49 of the Louisiana Revised Statutes of 1950.

(1) Any petition for judicial review pursuant to this Subsection must be filed with the Nineteenth Judicial District Court within sixty days after issuance of the final decision of the administrative law judge. No petition for judicial review may be filed, and any such petition is premature, unless adjudication has been timely sought and all administrative remedies have been exhausted. The petition shall be served upon the secretary of the Department of Natural Resources and all parties of record.

(2) A request for judicial review shall have no effect upon the validity of the acquisition of the lease, but only the compensation payable to the lessee. However, the acquisition may be found invalid if review is sought timely and the project or action for which acquisition is sought does not further coastal protection, conservation, or restoration.

G. E. No funds from, or dedicated to, the Louisiana Wildlife Conservation Fund established by Article VII, Section 10-A of the Constitution of Louisiana shall be obligated or expended in furtherance of or for any purpose of this Section; including but not limited to payments for administration of the oyster lease relocation program, assessments, relocations, purchases, damages, judgments, or claims arising under or as a result of this Section. However, funds paid to the Department of Wildlife and Fisheries expressly for the purposes of this Section may be expended accordingly.

E. With respect to relocation or mitigation relief for adversely impacted oyster leaseholders heretofore or hereafter funded in whole or in part by the federal government as a part of a coastal restoration project, the provisions of this Section

shall serve as the basis for the development of a detailed program to address such federal projects and shall be subordinate in all respects to rules promulgated under the provisions of the Administrative Procedure Act by the Department of Natural Resources, in consultation with the Oyster Task Force, to implement federal plans, programs, and requirements regarding relocation or mitigation relief for oyster leaseholders adversely impacted by such projects.

F. With respect to coastal restoration projects heretofore or hereafter funded in whole by the state, or in part by the state and in part by any public or private entities other than the federal government, implementation of this Section shall be subject to the availability of funds specifically appropriated by the legislature for such purpose.

G. No funds from, or dedicated to, the Louisiana Wildlife Conservation Fund established by Article VII, Section 10-A of the Constitution of Louisiana shall be obligated or expended in furtherance of or for any purpose of this Section, including but not limited to payments for administration of the oyster lease relocation program, assessments, relocations, purchases, damages, judgments, or claims arising under or as a result of this Section. However, funds paid to the Department of Wildlife and Fisheries expressly for the purposes of this Section may be expended accordingly.

§432.2. Annual reporting of coastal protection, conservation, and restoration project status

Once per year, in coordination with the Louisiana Oyster Task Force, the Department of Natural Resources shall provide information to the Oyster Task Force regarding the nature, location, and status of current or planned projects for coastal protection, conservation, or restoration to the extent practical.

Section 2. R.S. 56:428.1, 428.2, 428.3, and 430.1 are hereby repealed in their entirety.

Section 3. It is the express intent of the legislature that this Act is interpretive, curative, and procedural and shall be applied both prospectively and retroactively.

Section 4. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature

1	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If		
2	vetoed by the governor and subsequently approved by the legislature, this Act shall become		
3	effective on the day following such approval.		
		SPEAKER OF THE HOUSE OF REPRESENTATIVES	
		PRESIDENT OF THE SENATE	
		GOVERNOR OF THE STATE OF LOUISIANA	

**ENROLLED** 

HB NO. 1249

APPROVED: